

Report to Overview & Scrutiny Committee

Date of meeting: 24th October 2023



Subject: Quarter 2 Budget Monitoring Report 2023/24

Portfolio Holder: Finance & Economic Development – Cllr. John Philip

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Recommendations/Decisions Required:

- 1. The General Fund revenue position at the end of Quarter 2 (30th September 2023) for 2023/24, including actions being undertaken or proposed to ameliorate the position, where significant variances have been identified, be noted (*including Appendix A*).**
- 2. The General Fund capital position at the end of Quarter 2 (30th September 2023) for 2023/24 be noted (*including Appendix B*).**
- 3. The Housing Revenue Account revenue position at the end of Quarter 2 (30th September 2023) for 2023/24, including actions proposed to ameliorate the position, where significant variances have been identified, be noted.**
- 4. The Housing Revenue Account capital position at the end of Quarter 2 (30th September 2023) for 2023/24 be noted (*including Appendix C*); and**
- 5. The wider position on Financial Performance and Risk at the end of Quarter 2 (30th September 2023) be noted.**

Executive Summary:

This report sets out the 2023/24 General Fund and Housing Revenue Account budget positions, for both revenue and capital, as at 30th September 2023 ("Quarter 2"). It also considers a range of other Financial Performance and Risk indicators alongside the budget position.

In terms of General Fund revenue expenditure – at the Quarter 2 (Q2) stage – a budget overspend of £1.307 million, with projected net expenditure of £18.948 million against an overall budget provision of £17.641 million, is forecast.

The most significant factor reflected in the Q2 forecast is an anticipated shortfall in income from Planning Applications, with income now expected to be £1.041 million compared to the budget assumption of £1.976 million (representing a shortfall of £0.935 million/47%). Additional income from Planning Applications was expected to follow from the adoption of the Local Plan in March 2023, but it would appear that the economic situation is depressing the number of Planning Applications coming forward. This is a substantial challenge for the 2023/24 budget, although the Government look set to increase planning fees by 35% with effect from April 2024, which will help the 2024/25 budget.

In addition, as reported in Quarter 1, high interest rates continue to be a problem, although the Bank of England's decision to maintain the Base Rate at 5.25% in August 2023 – following a long series of month on month increases – has helped to dampen fears of even higher increases in the medium-term, with the threat from previously stubborn inflation appearing to be receding at the time of reporting.

The Council is however a Net Borrower and high interest rates have a detrimental impact in several areas. Notably Net Interest Payable is forecast to be £0.388 million over Budget as additional Interest Receivable (£0.194 million) is outweighed by additional Interest Payable (£0.582 million). HRA Recharges are also suppressed as the General Fund is obligated to pass on additional Interest Receipts on HRA bank deposits. Although the drawdown of Qualis loans has gathered pace in 2023, on-lending margins are considerably lower than originally envisaged and are now below 1.0% on the Council's previously committed Development Loans (although slightly higher rates are now being realised on selected developments).

Further overspends are forecast on the Customer Services (£0.279 million) and Commercial & Technical (£0.158 million) directorates.

However, the impact of the budget pressures noted above are dampened to an extent by some anticipated service underspends, most notably on the Community & Wellbeing directorate (£0.435 million) with the receipt of a substantially higher Homelessness Grant (by £0.299 million) than was assumed in the budget, being a notable factor.

A residual risk should also be noted on Employee Costs, with the (national) pay award for 2023/24 yet to be agreed at the time of reporting. Budget forecasts currently assume an *average* award of 5.0% (the budget assumption was 4.0%).

The Funding position on the General Fund at the Quarter 2 stage is mixed, with surplus income of £646,000 expected from Business Rates, partly due to an anticipated back-dated Tariff adjustment. But a shortfall of £225,000 is also anticipated on the payments that the Council receives from preceptors as part of the Essex Council Tax Sharing Agreement (CTSA).

Members attention is drawn to the Council's draft Balance Sheet position as at 31st March 2023, which is showing an unallocated General Fund Reserve (contingency balance) of £3.219 million. This is significantly below the Council's formally adopted contingency balance of £4.0 million. If the year-end forecast spending and funding position in this report is accurate – notwithstanding any other reserve adjustments – the balance will fall to £1.883 million.

The Housing Revenue Account is projected to record a small budget overspend of £0.013 million; partly due to the same challenges facing the General Fund (especially the impact of inflation on staffing), but also – and to a larger extent – the increasing costs of major void repairs.

If the overall forecast materialises, the HRA Balance will end the year at £4.584 million (the adopted minimum contingency balance in the HRA Business Plan is £2.0 million).

Turning to capital spending:

- General Fund Capital Programme – spending in the first 6 months was £10.260 million, with a forecast outturn of £62.968 million, which – if this materialises – would lead to an underspend of £13.881 million. The drawdown on Qualis loans is lower than the budget and is the most significant variance (£8.532 million); and
- Housing Revenue Account Capital Programme – spending in the first 6 months was £6.559 million, with a forecast outturn of £34.981 million, which – if this materialises – would lead to an underspend of £35.751 million. Slippage on Housing Development is the biggest factor.

And finally, wider Financial Performance and Risk. The Quarter 2 position is mixed, reflecting some improved performance (especially on the Payment of Invoices) over the medium-term, but also some areas (such as Local Tax Collection) short-term performance that are slightly off target. As noted in Quarter 1, the Collection of Sundry Debts remains a challenge. Compliance with Prudential and Local Indicators is not giving any cause for concern.

Reason for Decision:

The report enables the Cabinet to monitor and control the Council's financial position for 2023/24 and take whatever action it chooses, based on the information presented.

1) Background and Introduction

1.1 The Council's budget for 2023/24 (both General Fund and Housing Revenue Account) was approved by full Council on 28th February 2023. This report updates the Cabinet on how the Council's services have performed against their budgets in the first three months of the financial year, and projects forward to the anticipated outcome for the end of the financial year.

1.2 This is the first update for 2023/24 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th September 2023 ("Quarter 2").

2) General Fund Revenue Budget

Net Expenditure

2.1 The General Fund **net expenditure** position for 2023/24, at the Quarter 2 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.307 million, with projected net expenditure of £18.948 million against an overall budget provision of £17.641 million. The table below summarises the position by service.

GF Net Expenditure Budget 2023/24 (Quarter 2)			
Description	Budget 2023/24	Q2 Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
Chief Executive	655	650	(5)
Commercial & Technical	2,060	2,218	158
Community & Wellbeing	1,478	1,043	(435)
Corporate Services	9,048	8,817	(231)
Customer Services	2,158	2,437	279
Finance & Audit	2,069	2,073	4
Housing & Property	1,846	1,741	(105)
Place	280	273	(7)
Planning & Development	760	1,942	1,182
Strategy, Delivery & Performance	821	756	(65)
Qualis	(2,852)	(2,530)	322
HRA Recharges	(4,984)	(4,674)	310
Financing	4,302	4,202	(100)
Totals (Net Expenditure)	17,641	18,948	1,307

2.2 There are a range of notable (over £100,000) **negative** variances – at a service directorate level – to the budget in the table above as follows:

- **Planning & Development (£1,181,567 forecast Overspend)** – the emerging risk of an income shortfall on Planning Applications was highlighted in the Quarter 1 report, with a forecast shortfall of £277,000 (over 14% of budget) at that stage. Unfortunately, there has been no sign of the hoped for recovery in Quarter 2 with a shortfall of £935,000 (47% of the £1.976 million budget provision) now anticipated. This is now the Council's most significant cost pressure in 2023/24. In addition, also as reported in Quarter 1, there is an overspend of £300,220 on Regulatory Services, mainly driven by a shortfall in income from Building Control Fees (of £300,470), with Building Control applications significantly lower compared to normal volumes (private sector applications are also similarly down). Tough economic conditions are thought to be responsible for reduced activity across the sector.
- **Qualis Income (£322,010 forecast Overspend)** – the drawdown of Qualis loans has gathered pace in 2023, albeit slightly less so than assumed in the budget. However, on-lending margins are considerably lower than originally envisaged within the Loan Agreements due to much higher interest rates on Council borrowing. For example, the margin on the (previously committed) Development Loan, at the time of reporting, is now significantly below 1.0%
- **HRA Recharges (£310,000 forecast Overspend)** – the annual net recharge from the General Fund to the HRA is forecast to be £310,000 lower than anticipated in the Budget, predominantly due to higher-than-expected interest rates
- **Customer Services (£279,239 forecast Overspend)** – Members may recall a late accounting adjustment that was required to the 2022/23 Management Accounts (reported to Cabinet 30th May 2023) due to an upturn in detected Housing Benefit Overpayments (HBOs), partly as a consequence of the rollout of the DWP Housing Benefit Accuracy Award (“HBAA”); the HBAA required the Council to conduct additional testing on Housing Benefit assessments (leading to an increase in detected errors). The potential impact for 2023/24 (the budget was set before the outturn for 2022/23 was known) is still being examined by Finance officers, but the current (Quarter 2) forecast includes an assumed year end (negative) adjustment of £250,000 in respect of this item for 2023/24; and
- **Commercial & Technical (£158,116 forecast Overspend)** – a combination of – relatively small – factors are leading to a projected overspend of £158,116 on this directorate. This includes a surplus of £158,165 on North Weald Airfield driven by additional income from Market Rents; receipts are expected to exceed budget by £112,500. A further surplus of £48,939 is also expected on Waste Management, mainly due to a Service Contingency of £400,000 included in the budget for the purposes of commissioning additional support in developing Future Service Delivery (£238,000 is expected to be spent, leading to a forecast surplus of £162,000). However, the good news is expected to be marginally outweighed by the bad news, with a negative variance of £280,853 forecast on Land & Property (mainly due to an income shortfall on Commercial Property Rents e.g., it includes a forecast shortfall of £115,000 at Oakwood Hill due to four void units that have emerged in Quarter 2).

2.3 There are also four notable (over £100,000) **positive** variances – at a service directorate level – to the budget in the table above:

- **Community & Wellbeing (£434,971 forecast Underspend)** – a forecast underspend on this directorate is primarily driven by two significant service activity underspends. Firstly, Homelessness is expected to underspend by £247,982 following the receipt of a substantially larger Government Grant than was assumed in the budget (the budget had assumed a grant of £532,000, but the actual grant received was £831,000, thus generating an initial surplus of £299,000). Part of the grant (£117,000) has been reallocated to a Housing Subsidy cost centre to compensate for Subsidy loss on the provision Bed and Breakfast accommodation (resulting in a net benefit to the Homelessness cost centre of £182,000). And secondly, there is also an anticipated underspend of £117,435 on the “Economic Projects Support Services” service activity area, predominantly due to the recent promotion of the Service Director to the Chief Operating Officer post (paid from the Chief Executive’s budget) (impact £116,890)
- **Corporate Services (£231,510 forecast Underspend)** – the most significant variance in the Corporate Services directorate relates to ICT, where an underspend of £192,330 is forecast for the year. There are a wide range of individual small budget variances that combine to create the overall position. Most notably, this includes an anticipated underspend of £61,000 on the budgeted cost “Azure” as the migration of servers to the Cloud has progressed more slowly than expected. Other factors include projected underspends on Microsoft software licenses (£37,210) and the expected cost of the (delayed) new Finance system (£33,160)
- **Housing & Property (£105,136 forecast Underspend)** – the service activity “Cost Centres – Housing & Property” is expected to underspend by £90,280, which is the most significant variance in this directorate; the underspend is driven – to a large extent – by two vacant posts held in the Facilities Management function (total underspend on cost centre £128,180); and
- **Financing (£100,185 forecast Underspend)** – Members may recall the inclusion of a Corporate Contingency of £712,880 in the budget to cover any emerging shortfall in income from Qualis loan margins; at the Quarter 2 stage, it is assumed that a total of £322,010 will be required from the Contingency, with the remaining £390,870 reflected as a surplus within projected General Net Expenditure. This is offsetting an otherwise significant cost pressure on Financing costs (Net Borrowing costs are expected to exceed the original budget expectations by £387,690). An underspend of £97,000 is also forecast for Minimum Revenue Provision (“MRP”) payments, with the associated capital costs in 2022/23 proving to be slightly lower than original estimates (prepared in January 2023).

2.4 Members attention is also drawn to the following residual risk:

- **Staffing Budgets** – the budget assumes a Pay Award of 4.0% for 2023/24, but – nationally – Local Government Employers have offered a fixed sum of £1,925 to all pay grades (equating to around 5.0% on average at this Council). The overall forecast assumes a 5% increase in Employee costs, but Members should note that – at the time of reporting – agreement on the final award is yet to be reached. The budget includes embedded provision for total Employee Costs of £22.550 million and is by far the largest category of expenditure; each 1.0% in the Pay Award adds around £220,000 to the Council’s base budget.

Funding

2.5 The General Fund **funding** position for 2023/24, at the Quarter 2 stage is summarised in the table below.

GF Funding Position 2023/24 (Quarter 2)			
Source Description	Budget Assumption 2023/24	Q2 Forecast (31/03/24)	Variance
	£000's	£000's	£000's
Council Tax	(8,899)	(8,899)	0
Business Rates	(5,766)	(6,412)	(646)
Collection Fund Adjustments	(645)	(645)	0
Council Tax Sharing Agreement (CTSA)	(615)	(390)	225
Revenue Support Grant	(129)	(129)	0
New Homes Bonus	(78)	(78)	0
2023/24 Services Grant	(129)	(135)	(6)
Other Grants (Non-Specific)	(929)	(924)	5
Contribution to/(from) Reserves	(451)	(1,336)	(885)
Total Funding	(17,641)	(18,948)	(1,307)

2.6 The funding position for the General Fund in Quarter 2 is mixed. As reported in Quarter 1, the Business Rates forecast is very positive; a projected year-end surplus of £646,000 was assumed at that stage and that remains unchanged in Quarter 2. The Council's Business Rates base was revalued as at 1st April 2023, which resulted in a 14.0% uplift in value compared to the previous revaluation (1st April 2017). This is double the national average of 6.9%. The resulting increase in Business Rates revenue is however subject to a range of complex adjustments as part of the Business Rates Retention (BRR) system. A relatively cautious funding assumption was therefore assumed in developing the 2023/24 budget. Updated intelligence (received at the end of Quarter 1) allowed more accurate projections to be made; the forecast outturn of £6.412 million presented above includes an anticipated back-dated Tariff adjustment (estimated at £247,000) in respect of the revaluation. The forecast will be re-visited in detail as part of preparing the Quarter 3 report.

2.7 In contrast, a shortfall of £225,000 is anticipated on CTSA payments from the preceptors, which reflects the late decline in Council Tax collection performance in 2022/23 reported to Cabinet on 30th May 2023 (the budget was prepared on the basis of previous performance expectations) See Paragraph 3.1 below for a discussion on the forecast Contribution of £1.336 million *from* Reserves.

3) General Fund Reserves

General Fund Reserve (contingency balance)

- 3.1 The negative outlook of £1.307 million on net expenditure summarised and explained in paragraphs 2.1 to 2.4, and the funding position presented in paragraphs 2.5 to 2.7 above means that – if the forecasts materialise as presented – it will not be possible to contribute £0.263 million *to* the General Fund (unallocated) Reserve, which was an embedded assumption in setting the budget. Instead, there will be a contribution requirement of £1.336 million *from* the Reserve to support the budget (as presented in the table in Paragraph 2.5 above). This reflects both the projected overspend and the utilisation of the Collection Fund Deficit Reserve in closing the 2022/23 Accounts, which removed a previously assumed source of additional contingency funding (impact £322,010 in Quarter 2). The forecast impact on the General Fund Reserve is presented in the table below.

Movement on General Fund Reserve: Quarter 2 2023/24	
Description	£000's
General Fund Balance 31st March 2023 (pre-audit)	(3,219)
Contribution from Reserves 2023/24 (Q2 forecast)	1,336
General Fund Balance 31st March 2024 (Q2 forecast)	(1,883)

- 3.2 Members are reminded that the Council's unallocated General Fund Reserve is a contingency balance and, following the Section 151 Officer's recommendation in accordance with Section 25 of the Local Government Act 2003, the Council approved the maintenance of a minimum balance of £4.0 million in February 2023.

Earmarked Reserves

- 3.3 In addition to the General Fund Net Expenditure budget (£17,641,020 for 2023/24), the Council also incurs further expenditure on a range of other projects and facilities funded from Earmarked Reserves (which are 'topped up' from third party sources – including grants – and internal appropriations). Activity has been relatively subdued so far this year and – at the Quarter 2 stage (30th September 2023) – the Council has received £1.094 million and spent £0.802 million, leaving a balance of £3.378 million. The Movement on General Fund Earmarked Reserves is summarised in the table below.

Movement in General Fund Earmarked Reserves (April to September 2023)					
Description	Opening Balance 01/04/23	Income	Expenditure	Transfers (in)/out	Q2 Balance 30/09/23
	£000's	£000's	£000's	£000's	£000's
District Development Fund (DDF)	(224)	0	9	0	(215)
Community Projects	(435)	(365)	258	0	(542)
<i>Other Reserves:</i>					
All Weather Pitch	(137)	0	0	0	(137)
Garden Town	(410)	0	130	0	(280)
Dig. Innovation Zone (DIZ)	(127)	(90)	41	0	(176)
Homelessness	(256)	(274)	172	0	(359)
Insurance	(150)	0	0	0	(150)
Invest to Save	(114)	0	0	0	(114)
Museum	(110)	0	0	0	(110)
New Burdens	(112)	0	49	0	(63)
North Weald Inland Port	(617)	(100)	29	0	(688)
Prosperity Fund	(33)	(120)	37	0	(116)
Staff Benefits Fund	(31)	(13)	3	0	(41)
Other Ongoing Projects	(330)	(131)	74	0	(387)
Totals	(3,086)	(1,094)	802	0	(3,378)

**Excludes statutory ring-fenced, and other reserves used for accounting purposes*

3.4 The Community Projects Reserve comprises 20 different project categories and continues to be the Council's most 'active' reserve. "Essex & Herts Digital Innovation Zone" (DIZ) funding has now been stripped out of the DDF Reserve for added transparency (with partner contributions of £90,000 now clearly visible). The remaining balance on the DDF Reserve is now fully allocated following the funding of one-off (staff) Severance costs of £260,025 at the end of 2022/23 (approved by Cabinet 30th May 2023).

4) Housing Revenue Account (revenue)

4.1 The Housing Revenue Account (HRA) revenue position for 2023/24, at the Quarter 2 stage, is summarised in the table below. As at 30th September 2023, a £0.013 million overspend is forecast for the year end, with projected net Operating Income of £1.397 million compared to an overall budget provision of £1.410 million.

HRA Budget 2023/24 (Quarter 2)			
Description	Budget 2023/24	Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
EXPENDITURE			
Supervision & Management (General)	7,140	6,976	(164)
Supervision & Management (Special)	5,007	4,680	(327)
Rents, Rates, Taxes & Insurances	507	521	14
Repairs & Maintenance	11,232	12,510	1,278
Management & Maintenance	23,886	24,687	801
Capital Charges	9,137	9,137	0
Treasury Management Expenses	65	30	(35)
Provision for Bad/Doubtful Debts	99	120	21
Total Expenditure	33,187	33,974	787
INCOME			
Dwelling Rents	(37,419)	(37,745)	(326)
Non-Dwellings Rents	(930)	(807)	123
Charges for Services & Facilities	(1,473)	(1,468)	5
Contributions from General Fund	(383)	(383)	0
Total Income	(40,205)	(40,403)	(198)
Net Cost of Services	(7,018)	(6,429)	589
Interest on Receipts and Balances	(8)	(361)	(353)
Interest Payable on Loans	5,616	5,393	(223)
Net Operating Income	(1,410)	(1,397)	13
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	1,364	1,364	0
(Surplus)/Deficit for Year	(46)	(33)	13

4.2 The HRA revenue outturn for 2022/23 included underspends on the Stock Condition Survey (£254,000) and the “More than Bricks and Mortar” (a scheme primarily aimed at achieving infrastructure improvements on housing estates) (£64,000) project. Consequently, the unspent budgets have been rolled forward and added to the 2023/24 budget agreed by the Council in February 2023. The table below reconciles the updated and original budgets.

HRA Budget Reconciliation 2023/24: Quarter 2	
Description	Value (£000's)
(Surplus)/Deficit for Year (approved by full Council 28/02/23)	(364)
<i>Brought forward project budgets from 2022/23:</i>	
Stock Condition Survey	254
“More than Bricks and Mortar” Estate Improvement Scheme	64
Total Budget Additions (@ Quarter 2)	318
(Surplus) / Deficit for Year (updated Budget 2023/24 @ Quarter 2)	(46)

4.3 There are five significant factors behind the forecast as follows:

- **Repairs and Maintenance (£1.278 million forecast Overspend)** – there are numerous items contributing to this variance, the most significant of which relates to higher than anticipated Void costs on several properties with further major works anticipated during the remainder of the year (£1.203 million)
- **Interest on Receipts and Balances (£0.353 million forecast Underspend)** – the HRA is credited (from the General Fund) with interest based on its average revenue balances held throughout the year. A recent sharp increase in SONIA (“Sterling Overnight Index Average” interest rate), plus future expectations of sustained higher interest rates, is leading to significantly higher than expected interest receipts
- **Supervision & Management (Special) (£0.327 million forecast Underspend)** – there are numerous items contributing to this underspend, the most significant of which relates to the estate improvement scheme ‘More than Bricks and Mortar (£0.124 million) whereby delays have occurred in progressing some aspects of the project due to delayed land agreements with Parish Councils and Essex Highways
- **Interest Payable on Loans (£0.223 million forecast Underspend)** – HRA capital spending was lower than expected in 2022/23, thereby reducing the need for additional borrowing; this has reduced the associated interest payable in this – the 2023/24 – financial year; and
- **Dwelling Rent (£0.326 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget.

4.4 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £2.0 million in the HRA reserve; as at 31st March 2023, the balance was £4.551 million, which reflected an underspend on HRA Net Operating Income of £0.388 million in 2022/23 (reported to Cabinet on 30th May 2023).

Movement on HRA Balance: Quarter 2 2023/24	
Description	£000's
HRA Balance 31st March 2023 (pre-audit)	(4,551)
2022/23 Roll Forward (Para 4.2)	318
2023/24 Budget (Surplus) – full Council 28th February 2022	(364)
2023/24 Net Operating Income Forecast Variance Q2 (Para 4.1)	13
HRA Balance 31st March 2024 (Q2 Forecast)	(4,584)

5. General Fund Capital Programme

5.1 The General Fund Capital Programme for 2023/24 as at 30th September 2023 is summarised – at a service level – in the table below. A more detailed analysis – at a scheme level – is included in **Appendix B**. The updated Programme budget totals £76.849 million. Spending in the first 6 months was £10.260 million, with a forecast outturn of £62.968 million, which – if this materialises – would lead to an underspend of £13.881 million.

General Fund Capital Programme 2023/24 (Quarter 2)					
Description	Budget 2023/24 (Updated)	Spending (@ 30 September 2023)	Remaining Budget (@ 30 September 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	31,008	2,024	28,984	27,795	(3,213)
Corporate Services	4,191	160	4,031	2,306	(1,885)
Customer Services	148	16	132	50	(98)
Housing (General Fund)	653	60	593	500	(153)
Place	839	0	839	839	0
Qualis Loans	40,010	8,000	35,260	31,478	(8,532)
Total Expenditure	76,849	10,260	69,839	62,968	(13,881)
<i>Capital Financing:</i>					
Capital Grants	1,133	411	722	1,092	(41)
Capital Receipts	1,007	253	754	1,098	91
Borrowing	74,709	9,596	68,363	60,778	(13,931)
Total Financing	76,849	10,260	69,839	62,968	(13,881)

5.2 A General Fund Capital Programme budget of £57.562 million was approved by Council in February 2023. Subsequent updates, including unspent rolled forward balances from 2022/23, have resulted in an updated budget of £76.849 million at the Quarter 2 stage. The table below reconciles the movement.

General Fund Capital Budget Reconciliation 2023/24: Quarter 2	
Description	Value (£000's)
General Fund Capital Budget 2023/24 (full Council 28/02/23)	57,562
Unspent Budgets from 2022/23 Rolled Forward	17,625
UK Shared Prosperity Fund (added projects) Cabinet (18th July 2022, Ref. C-008-2022/23)	53
Rural Prosperity Fund (added projects) Cabinet (6th February 2023, Ref. C-033-2022/23)	109
Investment Property Acquisition Fund (added investment) Cabinet (30th May 2023, Ref. C-006-2023/24)	1,500
UPDATED General Fund Capital Budget 2023/24 (@ 30/09/23)	76,849

5.3 In addition, a further scheme to provide design, cost, and development options for the employment land released at North Weald under the Local Plan, was also approved by Cabinet on 30th May 2023 (C-005-2023/24) at an estimated cost of £500,000. At the time of reporting, the scheme has not been added to the Capital Programme, pending identification of the precise nature of the spending (whether revenue or capital), which affects the accounting treatment; but it should be emphasised that the spending commitment is fully funded, with any accounting implications entirely cost neutral).

5.4 There are three dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 2 stage:

- **Qualis (£8.532 million forecast Underspend)** – as described in Paragraph 2.2, the drawdown of Qualis loans has been slower than envisaged at the time of preparing the Capital Programme, primarily due to planning delays on development sites and financial viability reassessments on some sites in the light of changing market factors
- **Commercial and Technical (£3.213 million forecast Underspend)** – the dominant factor driving the underspend relates to the new Waste Management Depot at North Weald Airfield (£2.137 million). The project is in the early stages of design with current spend mainly directed towards consultancy and fees. Construction of the new facility is now expected to commence in January 2024 and be completed by October 2024. The underspend will therefore be re-profiled into 2024/25; and
- **Corporate Services (£1.885 million underspend)** – the most significant area of capital underspending relates to the ICT Strategy, which has a budget allocation of £3.927 million for 2023/24. The projected outturn is £2.156 million, which if this materialises, would lead to an underspend of £1.771 million. The current ICT strategy is under review to consider possible changes to service needs in relation to potential shared services. However, major schemes, including a replacement M3PP system, a new telephony system, a new project management tool, a cloud-based GIS system and a new network monitoring and ICT log system, are expected to complete during the year. Some projects, including the new Finance system, and a cloud-based information @ work system, have commenced but are unlikely to complete this year, so have been partially re-profiled into 2024/25. Further schemes (totalling £811,700), including a new Bookings/CRM Portal (£187,000), Customer Portal Improvements (£136,000), an ICT Data Storage solution (£116,000) and a Virtual Desktop Infrastructure (VDI) Solution (£160,000), have been delayed and therefore have been re-profiled to complete in 2024/25.

6) Housing Revenue Account (HRA) Capital Programme

6.1 The Housing Revenue Account (HRA) Capital Programme for 2023/24 as at 30th September 2023 is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The updated Programme budget totals £70.731 million. Spending in the first 6 months was £6.559 million, with a forecast outturn of £34.980 million, which – if this materialises – would lead to an underspend of £35.751 million.

HRA Capital Programme 2023/24 (Quarter 2)					
Description	Budget 2023/24 (Updated)	Spending (@ 30 Sept 2023)	Remaining Budget (@ 30 Sept 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	35,625	753	34,873	8,770	(26,855)
Capital Works	23,819	3,096	20,723	18,542	(5,277)
Other Housing Schemes	11,287	2,710	8,577	7,668	(3,619)
Total Expenditure	70,731	6,559	64,173	34,980	(35,751)
<i>Capital Financing:</i>					
Grants	80	356	(276)	1,252	1,172
Capital Receipts	2,786	301	2,485	2,463	(323)
Major Repairs Reserve	9,137	5,902	3,235	17,486	8,349
Direct Revenue Contributions	1,364	0	1,364	1,364	0
Borrowing	57,364	0	57,364	12,415	(44,949)
Total Financing	70,731	6,559	64,172	34,980	(35,751)

6.2 An HRA Capital Programme budget of £35.019 million was approved by Council in February 2023. A net total of £35.712 million in unspent budgets have been rolled forward from 2022/23, resulting in an updated Programme budget of £70.731 million for the year.

6.3 There are three significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 2 stage. Thus:

- **Housing Development (£26.855 million forecast Underspend)** – there are two elements to note:
 - **Qualis Acquisitions (£15.435 million Underspend)** – the budget allocation for this scheme in 2023/24 was £19.435 million. Forecast spending is now £4.0 million, which – if this materialises – would lead to an underspend of £15.435 million. Negotiations are progressing with a view to Qualis purchasing some completed units at the Roundhills and Pyrles Lane development sites, although this may slip into 2024/25; and
 - **Housebuilding (£11.134 million Underspend)** – the programme has a total budget of £15.724 million for 2023/24. The forecast outturn is £4.590 million, which – if this materialises – would lead to an underspend of £11.134 million at year end. Most schemes have encountered planning issues and delays with expected starts now anticipated in the either the final quarter of 2023/24 or early 2024/25. However, two schemes – at Pentlow Way and Woollard Street – are progressing well, with completion now anticipated by year end; and

- **Capital Works (£5.277 million forecast Underspend)** – there is one significant underspend driving this variance related to Window, Door, and Roofing Programmed Works (£2.092 million) which is currently under review following the results of the Council's recent stock condition survey; and
- **Other Housing Schemes (£3.619 million forecast Underspend)** – the Broadway Regeneration project is the dominant factor, which is driving the variance. It has a total budget of £2.728 million in 2023/24, of which only a very small proportion is expected to be spent (on fees) this financial year resulting in a forecast underspend of £2.628 million. A detailed review of the project has been undertaken and a report presented to Cabinet on 13th March 2023 (C-044-2022/23) approving an increase of the overall project budget to £6.0 million. Consultation with residents and leaseholders is due to commence during the year; followed by any necessary planning consents. The project is expected to complete by 2025/26.

6.4 The HRA Capital Programme is financed from several sources; external sources such as Grants and Capital Receipts are prioritised and applied first, followed by internal resources such as the Major Repairs Reserve and HRA Revenue contributions. The approach minimises the need to borrow and helps protect the HRA from higher interest payments. The forecast underspend on the Programme has an impact on all sources of financing with the most significant being a £44.949 million reduction in the need to borrow in 2023/24.

7) Wider Financial Performance & Risk

7.1 Introduction

7.1.1 This (quarterly) Budget Monitoring report has been purposely developed in recent years, through the incremental inclusion of emerging good practice in order to improve transparency and aid effective scrutiny and decision-making. This section of the report, represents a further expansion of that approach in considering the following:

- **Performance Indicators** – covering the Council's wider financial performance, including how effectively it collects its income and pays its bills, through setting, monitoring, and reporting on a selected range of Indicators.
- **Prudential Indicators** - it is now a requirement of the CIPFA Prudential Code (2021 Edition) that progress against the Prudential Indicators adopted in the Council's Capital Strategy is reported on a quarterly basis. It is good practice to report these alongside updates on the Capital Programme, providing Members with further insight on how the Council manages its capital expenditure, borrowing and commercial and service investments; and
- **HRA Local Indicators** – In accordance with generally accepted good practice across the wider social housing sector, the Council's adopted Capital Strategy also includes two further (optional) 'local indicators', tailored to the risk management requirements of the HRA Business Plan.

7.2 Performance Indicators

Accounts Payable (Payment of Invoices)

- 7.2.1 The prompt payment of invoices is an important objective for any business but – as a community leader and ‘place shaper’ – it is even more important that the Council leads by example; suppliers, including many small local businesses, are reliant on the cash flow generated by the services they provide to the Council; being viewed as ‘good to do business with’ also enhances the Council’s reputation. There are also negative cost implications associated with the late Payment of Invoices; it is often symptomatic of inefficient administration processes and penalties for late payment can also be triggered. The Council therefore records and monitors the payment of invoices using a 30-Day Indicator and also measures the time taken to pay invoices. Performance as at Quarter 2 is presented in the table below.

Payment of Invoices 2023/24								
Description	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Invoices Paid in 30 Days (%)	88%	70%	84%	76%		77%		81%
Average Days to Pay an Invoice	20	36	25	32		31		26

- 7.2.2 The table above reflects a substantial improvement in the Payment of Invoices over the last 18 months, although performance in Quarter 2 (this year, 2023/24) dipped slightly compared to Quarter 1. Finance officers are now working directly with Senior Managers and other Budget Holders with a view to getting performance back on track in Quarter 3.
- 7.2.3 Members should note that, due to current system limitations, it is not practical to record the date that invoices are physically received; the indicators above therefore measure from the invoice date only, which means that – in practice – payment performance will be higher in many cases. Nevertheless, performance is measured on a ‘like-for-like’ basis, which allows performance to be tracked and focus to be given to problem areas.

Accounts Receivable (Sundry Debt Collection)

- 7.2.4 It is also important that the Council efficiently collects all of the income that it is due. Failure to do that can be costly both in terms of process inefficiencies and the potential write-off of uncollectable debt.
- 7.2.5 General Fund income – to a large extent – comprises general Fees and Charges which are paid by the customer before the service is provided (e.g., Car Parking charges). However, some income sources are billed and collected through the Accounts Receivable (“Sundry Debts”) system. This includes periodic payments (e.g., Commercial Property Rents) or income collected in arrears (e.g., the recoupment of Bed & Breakfast payments incurred by the Homelessness service). The collection of Local Tax (Council Tax and Business Rates) – raised and collected through the “Academy” system – is considered separately below (see paragraphs 7.2.8 and 7.2.9).
- 7.2.6 The collection of Sundry Debts was, for many years, an individual service responsibility, although the system has – more recently – been consolidated into a single service function (within the Revenues service). The Council records and monitors the Collection of Sundry Debts using a 60-Day Indicator and also measures the age of outstanding debt. Performance as at Quarter 2 is presented in the table below.

Sundry Debt Collection 2023/24						
Description	Quarter 1			Quarter 2		
	April	May	June	July	August	September
Average Age of Outstanding Sundry Debt (Days)	1,574 days	1,568 days	1,576 days	1,563 days	1,461 days	1,408 days
Total Value of Debt Outstanding over 60 Days Old (£'s)	£3.313 million	£3.783 million	£3.347 million	£3.290 million	£3.573 million	£3.214 million

7.2.7 The implementation of the “ASH” Debtors system (which went live in August 2021, with data transferring in December 2021) proved to be a difficult exercise, which led to a number of data anomalies and a work backlog. The situation was further compounded by a shortfall in staff resources. Both factors conspired to the detriment of collection performance but, more recently, substantial progress is being made, with older cases being reviewed, remaining data anomalies addressed, and backlogs eliminated. The Sundry Debts function is now (since Summer 2023) given a high priority and is better resourced; the August and September performance results in the table above appears to confirm the early signs of improving performance. A further progress update will be provided to Members in the Quarter 3 report.

Local Tax Collection

7.2.8 The prompt collection of Council Tax and Business Rates is essential if the Council is to maximise resources from its major funding sources for the benefit of protecting local services. Experience shows that the longer debts remain outstanding, the harder they are to collect, which ultimately leads to an increase in write-offs; this has a negative impact on the Council’s General Fund Reserve and reduces funds available to support Net Expenditure. The table below sets out the Collection Rates achieved for Council Tax and Business Rates in Quarter 2.

Local Tax Collection Rates 2023/24 (Quarter 2)		
	30th September 2022	30th September 2023
Council Tax collected (%)	52.42%	52.30%
Business Rates collected (%)	57.89%	53.18%

7.2.9 The table above shows that both Council Tax and Business Rates collection rates are lower at the Quarter 2 stage compared to the same stage in 2022/23. However, Local Tax collection statistics were badly affected by the pandemic but have now settled down to more normal patterns (albeit against a difficult economic backdrop). The interpretation of the table above therefore requires the following context:

- Council Tax – the comparable collection rate is marginally down compared to the same stage last year. The most recently available comparable ‘pre-pandemic’ performance measure was September 2019 (Quarter 2, 2019/20), in which the amount collected was 52.14% i.e., performance at the Quarter 2 stage this year, is marginally *above* pre-pandemic levels; and
- Business Rates – the comparable collection rate is significantly down compared to the same stage last year. The most recently available comparable ‘pre-pandemic’ performance measure was September 2019 (Quarter 2, 2019/20), in which the amount collected was 53.78% i.e., performance at the Quarter 2 stage this year, is *marginally* below pre-pandemic levels. There has also been a Business Rates Revaluation (which has increased bills by an average of 14%) effective from 2023/24, thus making collection – initially – slightly more difficult.

7.3 Prudential Indicators

7.3.1 The Council is required by regulation to have regard to the Prudential Code (the Code) when carrying out its duties under Part 1 of the Local Government Act 2003. The 2017 edition of the Code first introduced a requirement to produce and adopt a Capital Strategy, including a range of (previously established) capital-related “Prudential Indicators”. The updated 2021 edition of the Code revised and further strengthened – with effect from 2023/24 – the capital reporting obligations of the Council. This includes a new quarterly reporting requirement.

7.3.2 In compliance with the 2021 Code, and recommended good practice, this report now provides an updated position on the Prudential Indicators included in the Capital Strategy (2023/24 to 2025/26) adopted by the Council in February 2023 as follows:

- Capital Expenditure
- Capital Financing Requirement (CFR)
- Gross Debt and the Capital Financing Requirement
- Debt and the Authorised Limit and Operational Boundary
- Net Income from Commercial and Service Investments to Net Revenue Stream; and
- Proportion of Financing Costs to Net Revenue Stream.

Capital Expenditure

7.3.3 The Council has undertaken and is planning capital expenditure as summarised in the table below.

Description	2022/23 Actual	2023/24 Forecast (Q2)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (GF)	3,949	31,490	19,773*	4,541*
Qualis Investments (GF)	8,000	31,478	22,100*	0*
Housing Revenue Account	15,875	34,980	43,964*	29,326*
TOTALS	27,824	97,948	85,837*	33,867*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.4 A detailed analysis of the capital projects included in the table above is presented in *Appendix B* (General Fund and Qualis Investments) and *Appendix C* (Housing Revenue Account).

Capital Financing Requirement (CFR)

7.3.5 The Council's cumulative outstanding debt is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital receipts used to replace debt.

Description	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (including Qualis Investments)	159,088	216,894	243,588*	240,679*
Housing Revenue Account	154,475	166,891	202,142*	214,438*
TOTAL CFR	313,563	383,785	445,730*	455,117*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.6 The table above shows that there has been little change compared to the CFR budget estimate for 2023/24 included in the Capital Strategy (formulated in January 2023), with a Quarter 2 forecast (as at 30th September 2023) of £383.8 million (compared to the Capital Strategy estimate of £388.9 million).

Gross Debt and the Capital Financing Requirement

7.3.7 Statutory guidance requires debt to remain below the Capital Financing Requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Description	2022/23 Actual	2023/24 Forecast (Q2)	2024/25 Budget	2025/26 Budget	Actual Debt (30/09/23)
	£M's	£M's	£M's	£M's	£M's
Outstanding Debt (including leases)	281.6	348.0	219.0*	216.7*	290.3
Capital Financing Requirement (CFR)	313.6	383.8	445.7*	455.1*	N/A

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

Debt and the Authorised Limit and Operational Boundary

7.3.8 The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit.

Description	Q2 2023/24 Maximum	30/09/23 Actual	Operational Boundary 2023/24	Authorised Limit 2023/24	Complied? (Yes/No)
	£000's	£000's	£000's	£000's	£000's
Borrowing	290,348	290,348	443,184	453,184	Yes
PFI and Finance Leases	0	0	0	0	Yes
Total Debt	290,348	290,348	443,184	453,184	Yes

7.3.9 The table above shows that the Council continues to operate well within its Authorised Limit and Operational Boundary.

Net Income from Commercial and Service Investments to Net Revenue Stream

7.3.10 The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

Description	2022/23 Actual	2023/24 Forecast (Q2)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Total Net Income from Service and Commercial Investments	10,428	10,950	12,097*	12,434*
Proportion of Net Revenue Stream	66%	65%	72%*	72%*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.11 The 65% forecast for 2023/24 compares to an expectation of 69% in the Capital Strategy. This partly reflects reduced income expectations from Qualis loans, including reduced margins as a consequence of rising PWLB borrowing rates. It also reflects a series of reduced rental incentives on new Commercial Property leases (income from these leases will increase as full rentals become payable by tenants).

Proportion of Financing Costs to Net Revenue Stream

- 7.3.12 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as Financing Costs; the 'standard' CIPFA Prudential Indicator compares this to "Net Revenue Stream" (the amount funded from Council Tax, Business Rates, and general Government grants).
- 7.3.13 However, the standard definition of Net Revenue Stream does not adequately take account of the circumstances of Epping Forest District Council, which has had – for many years – a major income stream from Commercial Property and – more recently – an additional income stream from Qualis loan margins. Factoring in those two major sources of income produces a more meaningful Prudential Indicator, tailored to the specific circumstances of this Council. The 'local' Prudential Indicator is presented in the table below, alongside the standard CIPFA Indicator (for comparison purposes only).

General Fund Financing Costs	2022/23 Actual	2023/24 Forecast (Q2)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Financing Costs	3,547	5,242	8,516*	9,048*
Proportion of Net Revenue Stream (Standard CIPFA Indicator)	22%	31%	50%*	52%*
Proportion of Net Revenue Stream (Local Indicator)	13%	18%	27%*	27%*

**Capital Strategy budgets unchanged (to be updated in Quarter 3)*

- 7.3.14 Unsurprisingly Financing Costs are increased slightly as a proportion of Net Revenue Stream in 2023/24, although both the 'standard' and 'local' forecasts have marginally reduced in Quarter 2; the standard indicator is now 1% lower than assumed within the Capital Strategy, with the local indicator exactly as expected (the dampening effect of increasing interest receipts and robust Commercial Property income should be noted). This is an indicator which is being closely monitored in developing the 2024/25 budget.

7.4 HRA Local Indicators

- 7.4.1 The requirement to borrow and the risk associated with HRA borrowing can be distinguished from that of the General Fund. The HRA is underpinned by a very large property portfolio (6,442 properties, with a Balance Sheet value of £806.892 million as at 31st March 2023). Accordingly, the different risk profile is reflected within the capital financing rules e.g., the Local Government Act 2003 established the requirement for councils to put aside resources (through making a "Minimum Revenue Provision") to repay debt in later years; it was (still is) a legal requirement that only applies to General Fund borrowing.
- 7.4.2 Nevertheless, HRA borrowing is not risk free; HRA capital investment plans must be just as prudent, affordable, and sustainable as General Fund capital investment plans. Two local indicators have therefore been developed, which are used to gauge, and provide assurance, around the Council's HRA borrowing plans.

Loan to Value

7.4.3 This indicator is widely used as a measure of default risk by lenders in Housing finance. It is determined by calculating the outstanding debt as a proportion of the total value of assets.

Description	2022/23 Actual	2023/24 Estimate	2023/24 Forecast (Q2)
	Ratio	Ratio	Ratio
Loan to Value	0.19	0.19	0.20
Target Maximum (LTV)	0.70	0.70	0.70

7.4.4 It can be seen from the table above that, based on current projections, HRA borrowing plans are well within acceptable Loan to Value limits.

HRA Interest Cover

7.4.5 This is a financing indicator and reflects how able the HRA is to meet interest costs from its Net Cost of Services.

Description	2022/23 Actual	2023/24 Estimate (Updated)	2023/24 Forecast (Q2)
	Ratio	Ratio	Ratio
HRA Interest Cover	1.02	1.25	1.19
Target Minimum (IC)	1.25	1.25	1.25

7.4.6 It can be seen from the table above that based on current projections, the HRA Interest cover ratio has fallen marginally below the target minimum set by the Council due to substantial major Void repair costs increasing the Net Cost of Service forecast. It is however an improvement on the outturn for 2022/23 (also impacted by higher Void costs).

7.4.7 The future costs associated with Voids is difficult to predict. However, a Stock Condition Survey is now being concluded and a more in-depth Asset Management Strategy is being developed, which will provide more detailed information on the current status of the Council's assets and any resultant major works. Such intelligence will assist in navigating this indicator moving forwards.

Reason for Decision:

This report facilitates the scrutiny of the Council's financial position for 2023/24.

The comments made at this Committee, where relevant, will be reported to Cabinet for consideration at their meeting on 13th November 2023.

Options:

There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported.

Resource Implications:

The resource implications in this report are overwhelmingly financial in nature, in the form of budgetary control. Robust budget monitoring processes maximise the opportunity for services to react quickly to potential problems as they emerge, thus reducing the risk of financial problems, impeding the delivery of strategic priorities.

Legal and Governance Implications:

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to maintain a balanced budget.

Safer, Cleaner, Greener Implications:

There are no SCG implications.

Consultation Undertaken:

The development of the detailed 2023/24 budget was informed by the democratic scrutiny processes.

Background Papers:

Management Accounts 2023/24 (Month 6)

Risk Management

The report is primarily presented for information, although some risk management implications are contained in Section 7. Regular monitoring and reporting of the issues included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Cabinet the best opportunity to take actions to mitigate such risks.

General Fund Revenue Budget 2023/24

Quarter 2 Forecast

Epping Forest DC: General Fund Revenue Budget 2023/24							
@ 30 September 2023 (Month 6)							
General Fund							
Service Area	Activity	Net Expenditure					
		Full Year Budget £'s	Budget (M6) £'s	Actual (M6) £'s	Variance £'s	Forecast £'s	Variance £'s
Chief Executive	Chief Executive Support Services	550,030	275,015	285,654	10,639	554,850	4,820
	Corporate Activities	73,740	36,870	46,904	10,034	64,046	9,694
	Chief Executive Other Activities	31,500	15,750	2,849	12,901	31,500	-
	Sub-Total	655,270	327,635	335,407	7,772	650,396	4,874
Commercial & Technical Services	Car Parking	548,140	274,070	358,413	84,343	497,302	50,838
	C&T Community & Partnership	195,250	97,625	94,068	3,557	195,250	-
	Contracts & Technical Support Services	2,172,960	1,086,480	1,018,945	67,535	2,187,791	14,831
	Cost Centres - Contracts & Technical	3,554,670	1,777,335	1,696,535	80,800	3,565,401	10,731
	C&T Emergency Planning & Other	1,830	915	2,740	1,825	4,860	3,030
	Environmental Health	242,010	121,005	17,202	103,803	233,010	9,000
	Land Drainage/Sewerage	113,090	56,545	38,426	18,119	124,260	11,170
	Land & Property	8,087,160	4,043,580	3,822,425	221,155	7,806,307	280,853
	Leisure Facilities	905,880	452,940	621,132	168,192	898,689	7,191
	North Weald Centre	515,340	257,670	592,049	334,379	673,505	158,165
	Parks & Grounds	514,100	257,050	59,944	197,106	549,782	35,682
	Private Sector Housing	112,170	56,085	88,485	32,400	152,155	39,985
	C&T Regulatory Services	233,910	116,955	96,731	20,224	227,971	5,939
	Waste Management	5,672,670	2,836,335	2,530,274	306,061	5,623,731	48,939
	Sub-Total	2,060,320	1,030,160	1,265,581	1,156,741	2,218,436	158,116
Community & Wellbeing	Community, Health & Wellbeing	72,060	36,030	166,582	202,612	51,140	20,920
	Cost Centres - Community & Wellbeing	416,790	208,395	198,481	9,914	389,806	26,984
	Economic Projects Support Serv	215,050	107,525	47,827	59,698	97,615	117,435
	Homelessness	73,360	36,680	732,050	768,730	174,622	247,982
	Museum, Heritage & Culture	481,030	240,515	333,897	93,382	459,380	21,650
	Voluntary Sector Support	219,470	109,735	78,250	31,486	219,470	-
	Sub-Total	1,477,760	738,880	240,177	979,057	1,042,789	434,971
Corporate Services	Business Support	1,630,990	815,495	681,911	133,584	1,651,325	20,335
	Cost Centres - Corporate Support	307,500	153,750	163,611	9,861	353,843	46,343
	Elections	208,860	104,430	89,928	14,502	182,671	26,189
	Emergency Planning & Other	79,250	39,625	42,772	3,147	84,142	4,892
	ICT	3,625,730	1,812,865	2,260,607	447,742	3,433,402	192,328
	Insurance Premiums	719,750	359,875	585,084	225,209	702,453	17,297
	Corp Serv - Member Activities	370,400	185,200	173,651	11,549	370,400	-
	Other Support Services	1,886,170	943,085	821,420	121,665	1,818,322	67,848
	Strategy Support Services	219,360	109,680	102,078	7,602	219,942	582
	Sub-Total	9,048,010	4,524,005	4,921,062	397,057	8,816,500	231,510
Customer Services	Cost Centres - Customer Services	2,404,772	1,202,386	1,201,838	548	2,406,908	2,136
	Customer Support Services	1,671,920	835,960	809,933	26,027	1,680,559	8,639
	Housing Benefits	1,175,090	587,545	600,627	13,082	850,468	324,622
	Local Taxation	771,660	385,830	83,344	302,486	827,818	56,158
	Customer Services - Members Activities	27,800	13,900	14,072	172	27,800	-
	Sub-Total	2,157,742	1,078,871	1,341,872	263,001	2,436,981	279,239
Finance & Audit	Audit Support Services	304,850	152,425	147,927	4,498	303,165	1,685
	Finance Support Services	1,254,140	627,070	412,004	215,066	1,260,480	6,340
	Finance & Other Activities	509,630	254,815	185,574	69,241	509,630	-
	Sub-Total	2,068,620	1,034,310	745,505	288,805	2,073,275	4,655
Housing & Property	Accommodation	469,530	234,765	189,000	45,765	429,483	40,047
	Cost Centres - Housing & Property	468,550	234,275	176,127	58,148	378,271	90,279
	Facilities & Depot Management	525,530	262,765	228,214	34,551	559,748	34,218
	Housing & Property Support Services	382,010	191,005	125,033	65,972	372,982	9,028
	Sub-Total	1,845,620	922,810	718,374	204,436	1,740,484	105,136
Place	Place - Community & Partnership	34,940	17,470	117,252	134,722	34,890	50
	Cost Centres - Place	245,260	122,630	116,999	5,631	238,285	6,975
	Sub-Total	280,200	140,100	253	140,353	273,175	7,025
Planning & Development	Cost Centres - Planning Services	2,281,190	1,140,595	1,079,826	60,769	2,297,658	16,468
	Local Plan Implementation	807,810	403,905	156,199	560,104	830,049	22,239
	Planning & Development	2,051,570	1,025,785	465,170	560,615	1,124,676	926,894
	Planning Support Services	305,390	152,695	110,173	42,522	221,136	84,254
	Regulatory Services	582,710	291,355	192,603	98,752	282,490	300,220
	Sub-Total	760,110	380,055	376,028	4,027	1,941,677	1,181,567
Strategy, Delivery & Performance	Strategy - Other Activities	83,510	41,755	68,777	27,022	82,630	880
	Strategy, Delivery & Performance Support Services	737,318	368,659	276,281	92,378	673,490	63,828
	Sub-Total	820,828	410,414	345,057	65,357	756,120	64,708
General Fund Total		21,174,480	10,587,240	8,416,294	2,170,946	21,949,832	775,352
	Qualis Income	-	2,851,520	-	-	2,529,510	322,010
	HRA Recharges	-	4,984,450	-	-	4,674,450	310,000
	Financing						
	Interest (exc. Qualis):						
	Interest Receivable	478,500	-	-	-	672,810	194,310
	Interest Payable	2,807,130	-	-	-	3,389,125	581,995
	Minimum Revenue Provision	1,261,000	-	-	-	1,164,000	97,000
	Specific Contingency (Qualis)	712,880	-	-	-	322,010	390,870
General Fund (Net Expenditure)		17,641,020	10,587,240	8,416,294	2,170,946	18,948,197	1,307,177

General Fund Capital Programme 2023/24

Quarter 2 Forecast

General Fund Capital Programme 2023/24: Quarter 2 Forecast												
Scheme	2022/23 Budget Outturn (extract)			2023/24 Budget				2023/24 Budget Progress (@ 30th Sep 2023 - Q2)				
	2022/23 Unspent / (Overspend) Balances	(Savings) / Overspends not c/fwd	Balances Rolled Forward into 2023/24	2023/24 Budget Allocation	Q1 Changes	2023/24 Budget (Updated)	Q2 Changes	2023/24 Budget (Updated)	Actuals to Q2	Remaining Budget	Forecast Outturn 2023/24	Forecast (Uspend)/ Ospend 2023/24
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Community & Wellbeing												
Joint Museum and Library Facility	770,000	(770,000)	-	-	-	-	-	-	-	-	-	-
Sub-Totals	770,000	(770,000)	-	-	-	-	-	-	-	-	-	-
Commercial & Technical												
Cartersfield Road	1,060,979	-	1,060,979	-	-	1,060,979	-	1,060,979	296,557	764,422	540,697	(520,282)
Investment Property Acquisition Fund	596,497	-	596,497	-	1,500,000	2,096,497	-	2,096,497	774,537	1,321,960	2,067,787	(28,710)
Princess of Wales PH - lease acquisition	(695,489)	695,489	-	-	-	-	-	-	-	-	-	-
CCTV Replacement Programme	69,373	(47,373)	22,000	25,000	-	47,000	-	47,000	16,740	30,260	25,000	(22,000)
CarPark CCTV Systems	13,080	(3,080)	10,000	25,000	-	35,000	-	35,000	-	35,000	25,000	(10,000)
Superfast Broadband (REFCUs)	350,000	-	350,000	-	-	350,000	-	350,000	-	350,000	350,000	-
Disabled Facilities Grants (REFCUs)	31,250	(31,250)	-	971,210	-	971,210	-	971,210	410,672	560,538	930,000	(41,210)
Home Assist. Grants (REFCUs)	20,480	(20,480)	-	30,000	-	30,000	-	30,000	-	30,000	30,000	-
Highway Ranger Vehicle & Equipment	40,000	-	40,000	-	-	40,000	-	40,000	-	40,000	43,000	3,000
Highways - Pavement Widening Scheme	-	-	-	100,000	-	100,000	-	100,000	-	100,000	-	(100,000)
Grounds Maintenance	38,295	-	38,295	30,000	-	68,295	-	68,295	-	68,295	47,150	(21,145)
Highways (REFCUs)	97,564	(1,500)	96,064	-	-	96,064	-	96,064	-	96,064	96,064	-
H2 Taxiway (ex NWA Prep Phase 1)	156,112	-	156,112	-	-	156,112	-	156,112	19,870	136,242	25,000	(131,112)
NWA Waste Depot	-	-	-	4,167,000	-	4,167,000	-	4,167,000	-	4,167,000	2,000,000	(2,167,000)
Waste Vehicle Fleet Replacement	-	-	-	9,220,000	-	9,220,000	-	9,220,000	-	9,220,000	9,220,000	-
Vehicle Fleet Replacement & OHD Equipment	245,015	-	245,015	-	-	245,015	-	245,015	69,710	175,305	245,015	-
Leisure Centre Energy Saving Schemes	-	-	-	155,640	-	155,640	-	155,640	150,125	5,515	150,125	(5,515)
Epping Leisure Centre (Bakers Lane)	10,857,070	-	10,857,070	1,312,560	-	12,169,630	-	12,169,630	285,740	11,883,890	12,000,000	(169,630)
Sub-Totals	13,037,350	434,682	13,472,032	16,036,410	1,500,000	31,008,442	-	31,008,442	2,023,951	28,984,491	27,794,838	(3,213,604)
Corporate Services												
ICT General Schemes	170,483	-	170,483	93,000	-	263,483	-	263,483	7,446	256,037	149,782	(113,701)
ICT Strategy	2,841,192	-	2,841,192	1,086,000	-	3,927,192	-	3,927,192	152,463	3,774,729	2,156,082	(1,771,110)
Civic Offices Accommodation Project (ICT)	(1,341)	1,341	-	-	-	-	-	-	-	-	-	-
Sub-Totals	3,010,334	1,341	3,011,675	1,179,000	-	4,190,675	-	4,190,675	159,909	4,030,766	2,305,864	(1,884,811)
Customer Services												
Council Chamber Upgrade	147,649	-	147,649	-	-	147,649	-	147,649	15,845	131,804	50,000	(97,649)
Sub-Totals	147,649	-	147,649	-	-	147,649	-	147,649	15,845	131,804	50,000	(97,649)
Housing (Property Services)												
Oakwood Hill Depot Extension	(18,155)	18,155	-	-	-	-	-	-	-	-	-	-
Investment Properties (Planned Works)	187,677	(147,831)	39,846	250,000	(77,605)	212,241	-	212,241	-	212,241	212,241	-
202-220 Loughton HR - roof and H & S works	(147,831)	147,831	-	-	77,605	77,605	-	77,605	34,525	43,080	77,605	-
Operational Properties (Planned Works)	295,732	(18,433)	277,299	86,000	-	363,299	-	363,299	25,719	337,580	210,234	(153,065)
Sub-Totals	317,423	(278)	317,145	336,000	-	653,145	-	653,145	60,244	592,901	500,080	(153,065)
Place												
UK Prosperity Fund Projects	-	-	-	-	161,784	161,784	-	161,784	-	161,784	161,784	-
Climate & Environmental Projects	676,984	-	676,984	-	-	676,984	-	676,984	-	676,984	676,984	-
Sub-Totals	676,984	-	676,984	-	161,784	838,768	-	838,768	-	838,768	838,768	-
Qualis												
Regeneration Finance Loans	88,247,500	(88,247,500)	-	40,010,000	-	40,010,000	-	40,010,000	8,000,000	32,010,000	31,478,000	(8,532,000)
Sub-Totals	88,247,500	(88,247,500)	-	40,010,000	-	40,010,000	-	40,010,000	8,000,000	32,010,000	31,478,000	(8,532,000)
Total Expenditure	106,207,240	(88,581,755)	17,625,485	57,561,410	1,661,784	76,848,679	-	76,848,679	10,259,949	66,588,730	62,967,550	(13,881,129)
Capital Financing Analysis:												
Borrowing	105,989,088	(88,363,603)	17,625,485	55,582,920	1,500,000	74,708,405	-	74,708,405	9,596,360	65,112,045	60,778,035	(13,930,370)
Capital Grants	218,152	(218,152)	-	971,210	161,784	1,132,994	-	1,132,994	410,672	722,322	1,091,784	(41,210)
Capital Receipts	-	-	-	1,007,280	-	1,007,280	-	1,007,280	252,917	754,363	1,097,731	90,451
Total Financing	106,207,240	(88,581,755)	17,625,485	57,561,410	1,661,784	76,848,679	-	76,848,679	10,259,949	66,588,730	62,967,550	(13,881,129)

Housing Revenue Account Capital Programme 2023/24

Quarter 2 Forecast

HRA Capital Programme 2023/24: Quarter 2 Forecast												
	2022/23 Budget Outturn (xtract)			2023/24 Budget					2023/24 Budget Progress (@ 30 September 2023 - Q2)			
	2022/23 Unspent/ (Overspent)	Savings	Balances Rolled Forward into 2023/24	2023/24 Budget Allocation	Q1 Changes	23/24 Budget (Updated)	Q2 Changes	23/24 Budget (Updated)	Actuals to (Q2)	Remaining Budget	Forecast Outturn 2023/24	Forecast (Uspend)/Ospend 2023/24
Schemes	£'s	£'s	£'s	£'s	£'s			£'s	£'s	£'s	£'s	
Housing Development Programme:												
Housebuilding	10,965,260	(1,383,590)	12,348,850	3,375,500	-	15,724,350	-	15,724,350	752,442	14,971,908	4,590,246	(11,134,104)
Qualis Acquisitions	10,461,190	-	10,461,190	8,973,500	-	19,434,690	-	19,434,690	-	19,434,690	4,000,000	(15,434,690)
Development Land Purchases	1,850,000	1,383,590	466,410	-	-	466,410	-	466,410	-	466,410	180,000	(286,410)
Sub-Totals	23,276,450	-	23,276,450	12,349,000	-	35,625,450	-	35,625,450	752,442	34,873,008	8,770,246	(26,855,204)
Capital Works:												
Heating	393,830	144,870	248,960	1,724,000	-	1,972,960	-	1,972,960	184,230	1,788,730	1,716,795	(256,165)
Windows, Door and Roofing	1,224,510	(32,780)	1,257,290	6,386,110	(2,137,270)	5,506,130	-	5,506,130	505,499	5,000,631	3,414,108	(2,092,022)
Compliance Planned Maintenance	272,800	203,880	68,920	1,725,000	(1,000,000)	793,920	-	793,920	80,515	713,405	330,302	(463,618)
Kitchens & Bathrooms (inc void allocation)	1,990,160	-	1,990,160	4,786,000	-	6,776,160	-	6,776,160	1,229,099	5,547,061	6,825,516	49,356
Electrical	226,430	-	226,430	300,000	1,381,790	1,908,220	-	1,908,220	245,868	1,662,352	1,422,875	(485,345)
Net Zero Carbon Works	1,500,000	-	1,500,000	1,100,000	-	2,600,000	-	2,600,000	26,940.00	2,573,060	1,843,420	(756,580)
Environmental	266,980	146,980	120,000	1,118,530	-	1,238,530	-	1,238,530	159,304	1,079,226	592,644	(645,886)
Structural works	1,449,170	58,430	1,390,740	850,000	(644,520)	1,596,220	-	1,596,220	191,898	1,404,322	925,133	(671,087)
Disabled Adaptations	(20,750)	(20,750)	-	650,000	400,000	1,050,000	-	1,050,000	447,281	602,719	1,104,714	54,714
Asbestos Removal	166,630	166,630	-	280,800	-	280,800	-	280,800	25,508	255,292	294,316	13,516
Estate Improvements	45,870	-	45,870	50,000	-	95,870	-	95,870	-	95,870	72,329	(23,541)
Sub-Totals	7,515,630	667,260	6,848,370	18,970,440	(2,000,000)	23,818,810	-	23,818,810	3,096,144	20,722,666	18,542,151	(5,276,659)
Regeneration Projects:												
Limes Avenue and Copperfield	1,980,510	-	1,980,510	2,000,000	2,000,000	5,980,510	-	5,980,510	2,416,738	3,563,772	5,980,510	-
Broadway	2,728,070	-	2,728,070	-	-	2,728,070	-	2,728,070	-	2,728,070	104,116	(2,623,954)
Sub-Totals	4,708,580	-	4,708,580	2,000,000	2,000,000	8,708,580	-	8,708,580	2,416,738	6,291,842	6,084,626	(2,623,954)
Other Housing Schemes:												
Service Enhancements (General)	-	-	-	204,020	-	204,020	-	204,020	-	204,020	204,020	-
Housing Asset Management Project	188,780	-	188,780	540,000	-	728,780	-	728,780	221,938	506,842	431,610	(297,170)
Service Enhancements (HFFHH)	(31,620)	(31,620)	-	154,000	-	154,000	-	154,000	-	154,000	-	(154,000)
Door Replacement Programme (Leasehold)	311,670	311,670	-	233,540	-	233,540	-	233,540	-	233,540	50,000	(183,540)
Sheltered Block Refurbishments	330,000	-	330,000	100,000	-	430,000	-	430,000	71,561	358,439	430,000	-
Emergency Alarm Upgrades	360,000	-	360,000	-	-	360,000	-	360,000	-	360,000	-	(360,000)
Sheltered Housing Works	-	-	-	468,000	-	468,000	-	468,000	-	468,000	468,000	-
Sub-Totals	1,158,830	280,050	878,780	1,699,560	-	2,578,340	-	2,578,340	293,499	2,284,841	1,583,630	(994,710)
Vehicle Replacements	(36,270)	(36,270)	-	-	-	-	-	-	-	-	-	-
Total Expenditure	36,623,220	911,040	35,712,180	35,019,000	-	70,731,180	-	70,731,180	6,558,822	64,172,358	34,980,653	(35,750,527)
Capital Financing Analysis:												
Grants	-	-	-	80,000	-	80,000	-	80,000	355,900	(275,900)	1,252,000	1,172,000
RTB Receipts	-	-	-	1,599,000	-	1,599,000	-	1,599,000	300,970	1,298,030	1,276,100	(322,900)
Other Contributions	-	-	-	1,187,000	-	1,187,000	-	1,187,000	-	1,187,000	1,187,000	-
Major Repairs Reserve	-	-	-	9,137,000	-	9,137,000	-	9,137,000	5,901,952	3,235,048	17,486,000	8,349,000
Direct Revenue Contributions	-	-	-	1,282,000	82,000	1,364,000	-	1,364,000	-	1,364,000	1,364,000	-
Borrowing	36,623,220	911,040	35,712,180	21,734,000	(82,000)	57,364,180	-	57,364,180	-	57,364,180	12,415,553	(44,948,627)
Total Financing	36,623,220	911,040	35,712,180	35,019,000	-	70,731,180	-	70,731,180	6,558,822	64,172,358	34,980,653	(35,750,527)